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Kansas Wheat Production Up from June Forecast

INCLUDED IN THIS ISSUE

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Wheat production in Kansas for 2003 is forecast at 475.3 million bushels. This is the third highest production on record. The current forecast is up 11 percent from June 1 and 78 percent above last year's production. Harvested acres are expected to total 9.7 million, unchanged from June 1 but up 1.6 million acres from last year. Yield is expected to average 49.0 bushels per acre, up 5 bushels from the June 1 forecast and 16 bushels above last year's yield of 33.0. This ties with the record yield set in 1998. As of July 6, wheat harvest was 92 percent complete, 6 points behind last year's progress of 98 percent complete but 3 points ahead of the average.

Kansas growers planted 19.6 million acres to the four major crops (wheat, sorghum, corn, and soybeans), up 1 percent from 2002. **Wheat** seeded last fall totaled 10.3 million acres, up 7 percent (700,000 acres) from last year.

Sorghum acreage planted and to be planted, at 3.7 million acres, is down 3 percent from last year. Kansas ranks first in the Nation in sorghum acreage. The acreage intended for harvest as grain, at 3.4 million acres, is up 13 percent from last year.

Corn planted acreage, at 2.9 million acres, is 11 percent below last year's planted acres. Kansas farmers planted 47 percent of their corn acreage with varieties developed using biotechnology. Twenty-five percent of the acreage was planted with insect resistant only varieties containing bacillus thuringiensis (Bt) and 17 percent of the acreage with herbicide resistant varieties developed using biotechnology. Stacked gene varieties, those containing both insect and herbicide resistance, were planted on 5 percent of the corn acreage. Acreage expected to be harvested for grain is 2.7 million acres, up 8 percent from last year.

Soybean plantings are expected to total 2.7 million acres, down 50,000 acres from a year ago. Producers planted 87 percent of the soybean acreage to herbicide resistant varieties in 2003. Expected Kansas acreage for harvest, at 2.6 million acres, is 2 percent above last year.

Oats planted in 2003, at 150,000 acres, is 7 percent above last year. Oats expected to be harvested for grain, at 90,000 acres, is up 30,000 acres from the previous year. Yield is expected to average 54.0 bushels per acre. Oat production is forecast at 4.9 million bushels. **Barley** planted acreage, at 9,000 acres, increased 1,000 acres from last year. Expected acreage for harvest, at 8,000 acres, is also 1,000 acres above last year. **All sunflowers** planted, at 180,000 acres, are down 16 percent from last year. Oil type varieties planted are at 160,000 acres, while non-oil varieties are planted on 20,000 acres. All sunflowers harvested are expected to total 169,000 acres, with oil type varieties accounting for 150,000 harvested acres. **Hay** acreage to be harvested is expected to total 3.1 million acres, down 5 percent from last year. Of the total hay acreage, 950,000 acres are alfalfa hay, unchanged from last year. Acreage of **dry beans** planted, at 12,000 acres, is down 6,000 acres from last year while harvested acreage is forecast at 11,000 acres. **Cotton** acreage is estimated at 125,000 planted acres in 2003, up 45,000 acres from last year.

Kansas Wheat Production, By District, July 1, 2003 1/

District	Acres Planted		Acres Harvested			Yield Per Acre		Production		
	2002	2003	2002	2003	% of Prev. Yr	2002	2003	2002	2003	% of Prev. Yr
WINTER WHEAT	- - - - - - - - 1,000 Acres - - - - - - - -				Percent	Bushels		1,000 Bushels		Percent
Northwest	1,060	1,060	920	985	107	29	40	26,440	39,200	148
West Central	1,200	1,240	885	1,175	133	27	41	23,865	47,600	199
Southwest	1,545	1,750	1,010	1,605	159	27	36	27,215	58,500	215
North Central	1,230	1,390	1,120	1,315	117	38	58	42,885	76,200	178
Central	1,460	1,500	1,400	1,440	103	37	60	51,220	85,800	168
South Central	2,195	2,340	1,900	2,185	115	33	52	61,755	112,900	183
Northeast	150	200	145	195	134	49	63	7,165	12,300	172
East Central	224	270	215	265	123	40	57	8,605	15,000	174
Southeast	536	550	505	535	106	36	52	18,150	27,800	153
State	9,600	10,300	8,100	9,700	120	33	49	267,300	475,300	178

1/ Funding for district level wheat data supplied by the Kansas Wheat Commission.

Corn and Soybeans, Kansas, by Districts, 2002-2003

District	Corn Planted			Soybeans Planted		
	2002	2003	% of Prev. Yr	2002	2003	% of Prev. Yr
	1,000 Acres		%	1,000 Acres		%
Northwest	500	420	84	65	70	108
West Central	238	230	97	24	30	125
Southwest	774	540	70	77	100	130
North Central	224	190	85	306	315	103
Central	133	120	90	202	175	87
South Central	358	370	103	229	225	98
Northeast	520	480	92	612	630	103
East Central	283	290	102	641	625	98
Southeast	220	260	118	594	530	89
State	3,250	2,900	89	2,750	2,700	98

United States Winter Wheat Crop

Winter wheat production is forecast at 1.72 billion bushels. This is up 6 percent from June 1 and 50 percent above 2002. Acres for harvest as grain are forecast at 36.5 million. up 23 percent from 2002. The U.S. yield is forecast at 47.0 bushels per acre, up 2.4 bushels per acre from June 1.

Hard Red Winter Wheat, at 1.09 billion bushels, is up 9 percent from a month ago. White Winter production is up 2 percent this month and now totals 259 million bushels. Soft Red Winter, at 366 million bushels, is down 1 percent from the last forecast.

Crop Production, July 1, 2002-2003

Crop	Planted	Harvested		Yield Per Acre		Production	
	2003	2002	2003	2002	2003	2002	2003
	- - - - 1,000 Acres - - - -			Bushels		1,000 Bushels	
KANSAS							
Winter Wheat	10,300	8,100	9,700	33	49	267,300	475,300
Oats	150	60	90	52	54	3,120	4,860
UNITED STATES							
All Wheat	60,940	45,817	52,677	35.3	43.9	1,616,441	2,310,911
Winter Wheat	44,349	29,651	36,491	38.5	47.0	1,142,802	1,715,912
Oats	4,676	2,098	2,286	56.8	64.7	119,132	147,894

United States Crop Acreage

Sorghum planted for all purposes is estimated at 9.48 million acres, down 1 percent from 2002. Sorghum harvested for grain is estimated at 8.12 million acres, up 11 percent from last year. **Corn** planted for all purposes is estimated at 79.1 million acres, virtually unchanged from 2002 but up 4 percent from 2001. Growers expect to harvest 72.0 million acres for grain, up 4 percent from 2002. **Soybean** growers planted or intend to plant 73.7 million acres, down 105,000 acres from last year. Area to be harvested is estimated at 72.7 million acres, up 1 percent from 2002. **Hay** growers expect to harvest 64.4 million acres of all hay in 2003, down slightly from 2002. The area of alfalfa and alfalfa mixtures cut for hay is estimated at 23.5 million acres, up 2 percent from last year. All other hay acreage is estimated at 40.8 million acres, down 1 percent from last year. **Sunflower** planted area is estimated at 2.32 million acres, down 10 percent from last year. Harvested area is estimated at 2.26 million acres, up 2 percent from 2002. Oil type varieties comprised 1.98 million acres this year, 7 percent below 2002. Non-oil type varieties were planted on 348,000 acres, down 112,000 acres from a year ago. **Dry bean** planted acreage is estimated at 1.51 million acres this year, down 21 percent from last year but 5 percent above two years ago.

Crop Acreage, 2002-2003

Crop	Kansas				United States			
	Planted		Harvested		Planted		Harvested	
	2002	2003	2002	2003	2002	2003	2002	2003
	1,000 Acres							
Corn 1/	3,250	2,900	2,500	2,700	79,054	79,066	69,313	71,985
Sorghum 1/	3,800	3,700	3,000	3,400	9,580	9,477	7,299	8,121
Soybeans	2,750	2,700	2,540	2,600	73,758	73,653	72,160	72,681
Oats 1/	140	150	60	90	5,005	4,676	2,098	2,286
Barley 1/	8	9	7	8	5,073	5,461	4,135	4,899
Dry Edible Beans	18.0	12.0	14.5	11.0	1,922.1	1,511.7	1,726.9	1,439.7
Sunflowers	215	180	168	169	2,585	2,324	2,205	2,255
All Hay	-	-	3,250	3,100	-	-	64,497	64,379
Alfalfa	-	-	950	950	-	-	23,135	23,541
Other Hay	-	-	2,300	2,150	-	-	41,362	40,838
Cotton, All	80.0	125.0	68.0	2/	13,957.9	13,924.0	12,426.6	2/
Summer Potatoes	3.0	2.8	2.9	2.7	62.2	65.1	59.1	63.1

1/ Harvested area is for grain. 2/ No estimate currently available.

Kansas Grain Stocks

Kansas **wheat** stocks in all positions total 53.6 million bushels on June 1, 56 percent below last June. Wheat stored at off-farm locations (mills, elevators, warehouses, and processors) totaled 49.1 million bushels, which accounts for 92 percent of the total grain stocks.

Sorghum grain in all positions totals 40.1 million bushels, 20 percent below last year's level. Off-farm stocks accounted for 34.1 million bushels and on-farm stocks for 6.0 million bushels.

Kansas **corn** stocks in all locations, at 76.8 million bushels, are 27 percent lower than last June. Off-farm stocks are 50.8 million bushels, which account for 66 percent of the total corn stocks. On-farm stocks, at 26.0 million bushels, are down 1.0 million bushels from last June.

Kansas **soybeans** in all locations total 13.3 million bushels, a 35 percent decrease from June 2002. Off-farm stocks, at 9.8 million bushels, are down 35 percent from last year and account for 74 percent of the total soybean stocks. On-farm stocks total 3.5 million bushels, down 2.0 million bushels from the previous year.

Off-farm **oat** stocks are 349,000 bushels, up 57 percent from last June.

Off-farm **barley** stocks, at 13,000 bushels, are down 58 percent, or 18,000 bushels, from a year ago.

Stocks of Grain - June 1, 2003, with Comparisons

Grain	Position	Kansas			United States		
		June 1, 2002	March 1, 2003	June 1, 2003	June 1, 2002	March 1, 2003	June 1, 2003
		1,000 Bushels					
All Wheat	On-Farms	13,000	13,000	4,500	216,830	236,300	132,110
	Off-Farms 1/	108,625	116,811	49,097	560,282	670,333	359,611
	TOTAL	121,625	129,811	53,597	777,112	906,633	491,721
Sorghum Grain	On-Farms	9,000	16,000	6,000	17,300	27,500	11,150
	Off-Farms 1/	41,136	69,902	34,137	88,178	135,423	70,744
	TOTAL	50,136	85,902	40,137	105,478	162,923	81,894
Corn	On-Farms	27,000	50,000	26,000	2,020,600	2,940,000	1,620,200
	Off-Farms 1/	77,824	103,549	50,781	1,576,290	2,191,751	1,364,476
	TOTAL	104,824	153,549	76,781	3,596,890	5,131,751	2,984,676
Oats	On-Farms	*	*	*	28,650	35,000	20,600
	Off-Farms 1/	222	730	349	34,552	47,879	29,201
	TOTAL	*	*	*	63,202	82,879	49,801
Barley	On-Farms	*	*	*	23,210	36,730	14,860
	Off-Farms 1/	31	59	13	69,631	86,710	54,460
	TOTAL	*	*	*	92,841	123,440	69,320
Soybeans	On-Farms	5,500	11,000	3,500	301,200	635,500	272,500
	Off-Farms 1/	14,950	23,014	9,750	383,721	565,528	329,830
	TOTAL	20,450	34,014	13,250	684,921	1,201,028	602,330

1/ Includes stocks at mills, elevators, warehouses, terminals, & processors. * Data not published to avoid disclosure of individual operations.

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MARKET IMPLICATIONS
by Billl Tierney, Kansas State University - Extension Service

Many figures in the USDA July wheat crop estimate were larger than expected. At 1,716 million bushels, the winter wheat figure was 44 million bushels above the average of the trade's pre-release guesstimates and 5.5 percent above the June forecast.

Since the crop survey was conducted (the first week of July), winter wheat crop conditions have changed little. At the same time, harvest reports have generally been higher than expected. Consequently, it seems likely that the final winter wheat crop could be a bit larger than the July figure but probably not by more than 15 to 30 million bushels.

Export activity has improved over last year. As of July 3, 244 million bushels of wheat had been committed for export (including an estimate of some 17 million bushels of "food aid" donations). As expected, the USDA raised the projection for exports to 975 million bushels, an increase of 25 million bushels from the June projection. Approximately 945 million bushels of the export projection consist of wheat as grain. Using the average ratio of July commitments/annual exports, we should have 246 million bushels sold by now. Therefore, the pace of commitments is precisely on schedule to meet the USDA's export projection.

The USDA left the estimate of wheat feeding unchanged at 175 million bushels. Some increase in wheat feeding had been expected due to the larger supplies of wheat. The estimate of ending stocks increased by 134 million bushels and the price forecast was lowered by 10 cents. The midpoint of the range of the forecast for wheat price now stands at $3.10, 46 cents less than last year's price.

Seasonally, wheat prices tend to bottom in July. Although winter wheat harvest is approaching 75 percent completed (by July 13) the prospect for a slightly larger U.S. spring wheat crop (and possibly a better than expected Canadian crop), combined with only a modest improvement in the outlook for U.S. wheat exports, could push the markets to new lows. In addition, weakness in the feed grain and oilseed markets, makes a strong fundamental case for lower wheat prices.

The wheat market may be within $.10-$.15 of its seasonal low. If exports continue to improve, along with a slackening of harvest pressure, a fundamental basis for the beginning of a post-harvest rally exists. Lower world wheat production, possibly the tightest world ending stocks in over 40 years, and any unexpected problems with the S. Hemisphere's wheat crop could also provide support to the market. Farmers, who sell their grain and take the LDP, may want to consider purchasing at-the-money December or March call options (to replace their ownership).

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